

Summary of Consolidated Financial Results for the First Quarter ended June 30, 2022
(Japan GAAP)

July 27, 2022

Listed company: Maxell, Ltd. Stock exchange: Tokyo (Prime Market)
Code number: 6810 URL: <https://www2.maxell.co.jp/ir/>
Representative: Keiji Nakamura (President)
Contact person: Seiji Takahashi (General Manager)
Planned date of submittal of financial statement report: August 8, 2022 Planned date of beginning payment of dividends: -

(Figures are rounded off to the nearest 1 million yen)

1. Consolidated Business Results and Financial Position for the First Quarter ended June 30, 2022
(April 1, 2022 through June 30, 2022)

(1) Consolidated Operating Results (% change compared with the same term of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	32,227	(7.7)	1,286	(64.0)	1,934	(48.0)	1,645	(37.9)
June 30, 2021	34,930	16.6	3,576	-	3,721	-	2,651	-

Note: Comprehensive income: June 30, 2022 5,590 millions of yen (103.9%)
June 30, 2021 2,741 millions of yen (- %)

	Net profit per share	Net profit per share (Diluted)
	Yen	Yen
June 30, 2022	33.43	—
June 30, 2021	53.60	—

Note: The Company has introduced “performance-linked share-based remuneration system”. And the shares of the Company held by the trust are included in the treasury shares deducted in the calculation of the average number of the shares during the term used in the calculation of “Net profit per share” of the quarter.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
June 30, 2022	180,275	87,978	47.0
March 31, 2022	177,535	84,616	45.9

References: Shareholders' equity: June 30, 2022 84,705 millions of yen; March 31, 2022 81,498 millions of yen

Note: The Company has introduced “performance-linked share-based remuneration system”. And the shares of the Company held by the trust are recorded as treasury shares.

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
March 31, 2022	-	20.00	-	20.00	40.00
March 31, 2023	-				
March 31, 2023 (Forecast)		20.00	-	20.00	40.00

Note: Revision of the latest dividend forecast:

None

3. Consolidated Business Forecast for the year ending March 31, 2023 (April 1, 2022 through March 31, 2023)

(% change from the previous year)

	Net sales		Operating profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	130,000	(5.9)	9,500	1.8	6,000	-	121.92

Note 1: Revision of the latest consolidated financial forecast: None

- 2: The Company has introduced “performance-linked share-based remuneration system”. And the shares of the Company held by the trust are included in the treasury shares deducted in the calculation of the average number of the shares during the term used in the calculation of “Net profit per share” of the year.

Notes

(1) Changes in significant subsidiaries during the period: None

(2) Application of special accounting method: Yes

Standard used to calculate income taxes

Tax expenses are calculated by making a reasonable estimation of the effective tax rate on profit before income taxes for the fiscal year including the first quarter after the application of deferred tax accounting and applying the estimated effective tax rate to the quarterly profit before income taxes. However, when an estimated effective tax rate is unreasonable, the effective statutory tax rate shall be applied.

(3) Changes in accounting policies, accounting estimates and restatement

1) Changes as a result of revision of accounting standards: None

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of shares issued (common stock)

1) Number of shares issued at end of period (including treasury share):

June 30, 2022 53,341,500 shares

March 31, 2022 53,341,500 shares

2) Number of shares of treasury share at end of period:

June 30, 2022 4,798,395 shares

March 31, 2022 3,882,195 shares

3) Average number of shares during the term:

June 30, 2022 49,213,263 shares

June 30, 2021 49,459,334 shares

Note 1: The number of shares of treasury share at end of period includes the shares of the Company held by the trust relating to “performance-linked share-based remuneration system” (18,600 shares, for the previous consolidated fiscal year ended March 31, 2022 and 18,600 shares, for the First Quarter ended June 30, 2022).

2: The average number of shares during the term is calculated by deducting the treasury shares and the shares of the Company held by the trust relating to “performance-linked share-based remuneration system” (18,600 shares, for the First Quarter ended June 30, 2021 and 18,600 shares, for the First Quarter ended June 30, 2022).

*** Explanation regarding the appropriate use of forecasts of business results and other special instructions**

Forecasts of business results and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable. Actual business results may differ significantly due to a variety of factors. For further information on the above-mentioned forecast preconditions and other related matters, please see page 4, “3. Qualitative Information relating to Projections of Consolidated Business Results”.

[Qualitative Information / Financial Statements]

1. Qualitative Information relating to Consolidated Business Results

(Unless otherwise stated, all comparisons are with operating results in first quarter of the previous fiscal year, from April 1, 2021 to June 30, 2021.)

Looking at the global economy in this first quarter period, there was a worldwide shift to the policy to coexist with the Novel Coronavirus (COVID-19), which led to a recovery in flow of people in both the business and tourism sectors. On the other hand, it was impacted worldwide by a logistical stagnation caused by lockdown in Shanghai, China, where the zero-COVID-19 policy is being implemented. In addition, despite the gradual recovery in automotive and semiconductor related demands, prolonged Russia-Ukraine crisis is causing further hikes in raw material and energy costs, and making its situation unpredictable.

Under these circumstances, sales of this first quarter period decreased by 7.7% (2,703 million yen) to 32,227 million yen due to the decrease in sales of rechargeable batteries and BtoC products, as well as the significant decrease in sales of projectors due to the planned downsizing of the business, whereas the sales of products for automotive and semiconductor related markets increased. In terms of profitability, operating profit decreased by 64.0% (2,290 million yen) to 1,286 million yen, ordinary profit decreased by 48.0% (1,787 million yen) to 1,934 million yen and profit attributable to owners of parent decreased by 37.9% (1,006 million yen) to 1,645 million yen due to the sales decrease of rechargeable batteries and BtoC products, as well as the time lag between soaring raw material costs and revision of selling prices corresponding to the cost increase.

The average foreign exchange rate over this first quarter under review was US\$1=130 yen.

Energy

Sales of primary batteries mainly for in-car use increased due to recovery of automotive related demand. However, sales of rechargeable batteries decreased caused by production decrease at the customers. As a result, sales of Energy segment decreased by 11.8% (1,183 million yen) to 8,810 million yen. In terms of profitability, operating profit decreased by 76.5% (1,024 million yen) to 314 million yen due to the impact of sales decrease of rechargeable batteries and the impact of soaring raw material costs in battery products in general.

Functional Materials

As sales of both adhesive tapes and industrial materials increased, overall sales of Functional Materials segment increased by 8.8% (592 million yen) to 7,305 million yen. On the other hand, operating profit decreased by 61.5% (412 million yen) to 258 million yen due to the impact of time lag between soaring raw material costs and the revision of selling prices.

Optics & Systems

Recovery in automotive and semiconductor related demands led to higher sales of both in-car optical components and semiconductor related products. However, due to significant impact by the downsizing of the projector business, sales of Optics & Systems segment decreased by 11.8% (1,208 million yen) to 9,005 million yen. Operating profit decreased by 22.7% (248 million yen) to 843 million yen due to sales decrease of projector, although profit of in-car optical components increased.

Life Solution

Sales of BtoC products decreased due to the factors such as the saturation of health and hygiene related demand. As a result, sales of Life Solution segment decreased by 11.3% (904 million yen) to 7,107 million yen. Operating profit decreased by 606 million yen to loss of 129 million yen due to sales decrease of BtoC products.

For the information on sales by region, capital expenditure, depreciation, and research and development expenses, please see the supplementary information on page 5.

2. Qualitative Information relating to Consolidated Financial Position

Assets

As of June 30, 2022, total assets amounted 180,275 million yen, increased by 1.5% from the previous consolidated fiscal year (as of March 31, 2022). Among this, current assets amounted 101,902 million yen, increased by 2.4%, mainly by increase of inventories, and the ratio of current assets among total assets has changed to 56.5% from 56.0% of the previous consolidated fiscal year. On the other hand, non-current assets amounted 78,373 million yen, increased by 0.4%, and the ratio of non-current assets among total assets has changed to 43.5% from 44.0% of the previous consolidated fiscal year.

Liabilities

As of June 30, 2022, total liabilities amounted 92,297 million yen, decreased by 0.7% from the previous consolidated fiscal year. Among this, current liabilities amounted 63,807 million yen, increased by 10.5%, mainly by increase of current portion of long-term borrowings. Current ratio became 1.6 times, and the cash on hand which is the balance between current assets and current liabilities, became 38,095 million yen. On the other hand, non-current liabilities amounted 28,490 million yen, decreased by 19.1%, mainly by decrease of long-term borrowings.

Net Assets

As of June 30, 2022, total net assets amounted 87,978 million yen, increased by 4.0% from the previous consolidated fiscal year, mainly by increase of foreign currency translation adjustment amounted 3,674 million yen and record of profit attributable to owners of parent amounted 1,645 million yen. And the equity ratio has changed to 47.0% from 45.9% of the previous consolidated fiscal year.

3. Qualitative Information relating to Projections of Consolidated Business Results

As for the business performance in this first quarter period, sales decreased in comparison with the same period of last year. Whereas the sales of products for automotive and semiconductor markets were favorable, there were sales decrease of projector due to the downsizing of its business and sales decrease of rechargeable batteries due to production decrease at the customers. However, these sales decrease had been included in our previous projection and overall sales results were generally within expected level. In addition, while BtoC products continue to struggle, the Company is planning to gradually introduce competitive and differentiated products in this fiscal year, and will work to recover from current situation. As for operating profit, the decrease for projector and rechargeable batteries were within expectations, and in response to rising raw material costs, which are increasing more than expected, the Company will work to recover by reflecting them in sales prices, although there will be a time lag.

The Company will promote business portfolio reforms by concentrating management resources on businesses that need to be expanded and strengthen the response to cost increase, to the rising raw material cost in particular. The Company will continue to strengthen the profitability to realize our full-year consolidated earnings forecast for the fiscal year ending March 2023, which was announced on May 13, 2022.

Supplementary information

Consolidated Financial Results and Forecast

(Millions of yen)

	First Quarter ended: June 30, 2021	First Quarter ended: June 30, 2022	Change* (%)	March 31, 2023 Forecast	Change* (%)
Net sales	34,930	32,227	(7.7)	130,000	(5.9)
Operating income	3,576	1,286	(64.0)	9,500	1.8
Profit attributable to owners of parent	2,651	1,645	(37.9)	6,000	-

* % change from the same term of the previous year

Sales and Operating Income by Segment

	June 30, 2021	June 30, 2022		Change* (%)	March 31, 2023 Forecast		Change* (%)
	Millions of yen	Millions of yen	Composition (%)		Millions of yen	Composition (%)	
Net sales	34,930	32,227	100.0	(7.7)	130,000	100.0	(5.9)
Energy	9,993	8,810	27.3	(11.8)	35,000	26.9	(9.4)
Functional Materials	6,713	7,305	22.7	8.8	28,700	22.1	2.4
Optics & Systems	10,213	9,005	27.9	(11.8)	34,800	26.8	(12.0)
Life Solution	8,011	7,107	22.1	(11.3)	31,500	24.2	(1.6)
Operating income	3,576	1,286	100.0	(64.0)	9,500	100.0	1.8
Energy	1,338	314	24.4	(76.5)	1,900	20.0	(53.1)
Functional Materials	670	258	20.1	(61.5)	2,700	28.4	45.1
Optics & Systems	1,091	843	65.6	(22.7)	3,800	40.0	13.8
Life Solution	477	(129)	-	-	1,100	11.6	-

* % change from the same term of the previous year

Sales by Regional Segment

	June 30, 2021	June 30, 2022		Change* (%)
	Millions of yen	Millions of yen	Composition (%)	
Overseas sales	14,976	13,363	41.5	(10.8)
America	3,806	3,136	9.7	(17.6)
Europe	2,837	2,577	8.0	(9.2)
Asia and other	8,333	7,650	23.8	(8.2)
Domestic sales	19,954	18,864	58.5	(5.5)
Total	34,930	32,227	100.0	(7.7)

* % change from the same term of the previous year

Capital investment, Depreciation, R&D expenses

(Millions of yen)

	June 30, 2021	June 30, 2022	Change* (%)	March 31, 2023 Forecast	Change* (%)
Capital investment	427	829	94.1	7,000	76.8
Depreciation	1,093	1,157	5.9	5,000	10.1
R&D expenses	1,501	1,586	5.7	7,000	9.7

* % change from the same term of the previous year

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	45,552	45,471
Notes and accounts receivable - trade	30,160	29,721
Inventories	18,378	21,957
Other	6,225	5,676
Allowance for doubtful accounts	(846)	(923)
Total current assets	99,469	101,902
Non-current assets		
Property, plant and equipment		
Land	32,609	32,644
Other, net	22,898	23,061
Total property, plant and equipment	55,507	55,705
Intangible assets		
Goodwill	48	—
Other	4,983	5,101
Total intangible assets	5,031	5,101
Investments and other assets		
Other	17,750	17,660
Allowance for doubtful accounts	(222)	(93)
Total investments and other assets	17,528	17,567
Total non-current assets	78,066	78,373
Total assets	177,535	180,275
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,606	21,451
Current portion of long-term borrowings	6,598	12,598
Income taxes payable	829	608
Other	30,686	29,150
Total current liabilities	57,719	63,807
Non-current liabilities		
Long-term borrowings	25,994	19,453
Net defined benefit liability	5,705	5,760
Asset retirement obligations	425	426
Other	3,076	2,851
Total non-current liabilities	35,200	28,490
Total liabilities	92,919	92,297

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Capital stock	12,203	12,203
Capital surplus	28,290	28,290
Retained earnings	49,756	50,412
Treasury shares	(6,034)	(7,209)
Total shareholders' equity	84,215	83,696
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	233	156
Foreign currency translation adjustment	(1,212)	2,462
Remeasurements of defined benefit plans	(1,738)	(1,609)
Total accumulated other comprehensive income	(2,717)	1,009
Non-controlling interests	3,118	3,273
Total net assets	84,616	87,978
Total liabilities and net assets	177,535	180,275

(2) Consolidated Statements of Income

	(Millions of yen)	
	First quarter ended June 30, 2021 (April 1, 2021- June 30, 2021)	First quarter ended June 30, 2022 (April 1, 2022- June 30, 2022)
Net sales	34,930	32,227
Cost of sales	24,900	25,042
Gross profit	10,030	7,185
Selling, general and administrative expenses	6,454	5,899
Operating profit	3,576	1,286
Non-operating income		
Interest income	15	17
Dividend income	52	59
Share of profit of entities accounted for using equity method	54	—
Foreign exchange gains	22	593
Other	84	106
Total non-operating income	227	775
Non-operating expenses		
Interest expenses	27	34
Share of loss of entities accounted for using equity method	—	40
Other	55	53
Total non-operating expenses	82	127
Ordinary profit	3,721	1,934
Extraordinary income		
Gain on sale of non-current assets	3	0
Gain on sale of investment securities	—	9
Total extraordinary income	3	9
Extraordinary losses		
Loss on sale and retirement of non-current assets	44	22
Impairment losses	25	—
Total extraordinary losses	69	22
Profit before income taxes	3,655	1,921
Income taxes - current	959	248
Profit	2,696	1,673
Profit attributable to non-controlling interests	45	28
Profit attributable to owners of parent	2,651	1,645

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter ended June 30, 2021 (April 1, 2021- June 30, 2021)	First quarter ended June 30, 2022 (April 1, 2022- June 30, 2022)
Profit	2,696	1,673
Other comprehensive income		
Valuation difference on available-for-sale securities	(450)	(78)
Foreign currency translation adjustment	330	3,866
Remeasurements of defined benefit plans, net of tax	165	129
Total other comprehensive income	45	3,917
Comprehensive income	2,741	5,590
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,674	5,371
Comprehensive income attributable to non-controlling interests	67	219